

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Korea - Republic of

### Grain and Feed Update

**January 2014**

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**Report Highlights:**

MY 2013/14 wheat consumption is revised to 4.3 million tons from the previous forecast, down 400,000 MT due to decreased use in compound animal feed. Conversely, MY 2013/14 corn consumption forecast is revised to 9.6 million MT, up 500,000 MT, replacing feed grade wheat. MY 2013/14 corn import forecast is revised to 9.5 million MT, up 500,000 tons, of which U.S. exports are estimated at 3 million tons, up one million tons from Post's previous forecast due to competitive prices. Rice consumption and imports remain unchanged for the previous report.

**Post:**  
Seoul

**Commodities:**  
Wheat

Corn

Rice, Milled

**Author Defined:**  
WHEAT

**Consumption:**

MY 2013/14 wheat consumption is revised to 4.3 million tons from the previous forecast, down 400,000 MT due to anticipated slow feed wheat use for compound animal feed for the second half of MY 2013 as feed grade wheat contracts sharply declined after December 2013 arrival. Competitively priced feed corn replaced the decreased portion of feed wheat. Milling wheat consumption is unchanged from the previous forecast.

<b>Korea: Post Estimates of Domestic Wheat Use</b> (1,000 MT, July/June)				
Year	2010/11	2011/12	2012/13	2013/14 <sup>c/</sup>
Imported Milling Wheat <sup>1/</sup>	2,312	2,153	2,139	2,255
Imported Milling Wheat <sup>2/</sup>	na	130	167	180
Flour Imports <sup>a/</sup>	63	42	39	40
Flour Exports <sup>a/</sup>	64	60	62	65
Pasta Imports <sup>a/</sup>	123	122	135	140
Pasta Exports <sup>a/</sup>	111	120	130	135
Local Wheat	39	44	37	29
<b>FSI Consumption <sup>b/</sup></b>	<b>2,362</b>	<b>2,311</b>	<b>2,379</b>	<b>2,444</b>
Feed Wheat	1,965	2,870	2,818	1,900
<b>Total Consumption <sup>b/</sup></b>	<b>4,327</b>	<b>5,181</b>	<b>5,197</b>	<b>4,344</b>

Source: Korea Feed Association (KFA), Korea Flour Millers Industry Association (KOFMIA) and Korea Customs Service (KCS)

a/ Wheat basis

b/ include local wheat, flour imports and pasta imports but exclude flour exports and pasta exports

c/ FAS/Seoul forecast

1/ KOFMIA members

2/ non- KOFMIA member

<b>Korea: Monthly Wheat Use</b> (1,000 MT)				
Month	Feed Wheat		Milling Wheat a/	
	MY 2012/13	MY 2013/14	MY 2012/13	MY 2013/14
July	260	235	178	168
August	261	219	190	168
September	268	226	187	168
October	277	245	197	182
November	268	205	200	182
December	244	159	200	182
<b>Sub Total</b>	<b>1,578</b>	<b>1,289</b>	<b>1,152</b>	<b>1,050</b>
January	199	Na	175	Na

February	176	Na	175	Na
March	199	Na	175	Na
April	215	Na	154	Na
May	228	Na	154	Na
June	222	Na	154	Na
<b>Total</b>	<b>2,817</b>	<b>Na</b>	<b>2,139</b>	<b>Na</b>

Source: KFA and KOFMIA

a/ includes wheat flour exports, but excludes the portion used in soy-sauce production

### Wheat Trade:

MY 2013/14 wheat imports are expected to decrease to 4.1 million tons, down 400,000 tons from the previous forecast due to decreased contracts of feed grade wheat which are less competitive than feed corn since November 2013 arrival in Korea.

According to trade and sales contract data of optional origin, around 1.4 million tons were contracted with delivery for MY2013/14. Feed millers expect to make small amounts of feed wheat contracts possible under the current price structure between feed corn and wheat. Latest contracts showed that feed wheat price was US\$ 50-60 per ton higher than feed corn price.

Korea: Wheat Imports (1,000 MT, Customs Cleared Basis)					
Marketing Year (July/June)	Feed Wheat	Milling Wheat	Flour Imports <sup>1/</sup>	Pasta Import <sup>1/</sup>	Total
05/06	1,536	2,220	41	101	3,898
06/07	976	2,298	69	108	3,451
07/08	565	2,317	105	117	3,104
08/09	1,151	2,058	69	105	3,383
09/10	2,164	2,071	127	119	4,481
10/11	2,075	2,520	63	123	4,781
11/12	2,868	2,169	42	122	5,201
12/13	2,820	2,461	39	135	5,455
13/14 <sup>2/</sup>	1,700	2,200	40	140	4,080

Source: Korea Customs Service

1/ Wheat basis

2/ FAS/Seoul forecast

Korea: MY 2013/14 Monthly Wheat Imports by Origin (1,000 MT, based on Customs Clearance)						
Country	U. S.	Australia	Canada	India	Other	Total
<b>Milling Wheat</b>						
2013 July	56	21	0	0	0	77
August	165	88	6	0	0	259
September	70	17	4	0	0	91
October	97	96	41	0	0	234
November	45	84	0	0	0	129
December	119	119	28	0	0	267
Total(Jul-Sep) 2013	552	425	79	0	0	1,057
Total(Jul-Sep) 2012	618	540	102	0	0	1,261
<b>Feed Wheat</b>						
2013 July	0	0	44	158	46 <sup>a/</sup>	249

August	0	0	12	37	114 <sup>b/</sup>	163
September	0	0	0	1	197 <sup>c/</sup>	198
October	0	0	0	0	316 <sup>d/</sup>	316
November	0	0	0	0	161 <sup>e/</sup>	161
December	0	0	0	0	120 <sup>f/</sup>	120
Total(Jul-Sep) 2013	0	0	56	196	954	1,207
Total(Jul-Sep) 2012	200	719	68	505	102	1,594
<b>Total Wheat</b>						
2013 July	56	21	44	158	46	326
August	165	88	18	37	114	422
September	70	17	4	1	197	289
October	97	96	41	0	316	550
November	45	84	0	0	161	290
December	119	119	28	0	120	387
Total(Jul-Sep) 2013	552	425	135	196	954	2,264
Total(Jul-Sep) 2012	818	1,259	170	504	102	2,855

Source: Korea Customs Service

a/ Turkey (46,107 MT)

b/ Turkey (2,974 MT); Romania (110,762 MT)

c/ Bulgaria (10,700 MT); Romania (186,801 MT)

d/ Ukraine (59,361); Romania (195,281); Bulgaria (61,739)

e/ Ukraine (15,589); Russia (60,248); Romania (50,312); Bulgaria (34,947)

f/ Ukraine (23,315); Russia (11,812); Romania (25,020); Bulgaria (59,958)

<b>Korea: MY 2013/14 Feed Wheat Contracts</b> <b>by</b> <b>Estimated Time of Arrival (ETA)</b> (Unit: 1,000 MT, as of Jan. 2014)		
ETA	Quantity	Price (US\$/MT) <sup>1/</sup>
Jul. 2013	110	303
Aug.	285	291
Sep.	234	282
Oct.	165	272
Nov.	235	264
Dec	55	284
Jan. 2014	55	301
Feb.	65	301
Mar.	65	295
Apr.	0	0
May	0	0
Jun	110	304
Total	1,379	

Source: Local Grain Traders

1/ CNF on Weighted Average

## Production, Supply and Demand Data Statistics:

Wheat PS&D

Wheat	2011/2012	2012/2013	2013/2014	
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Korea, Republic of							
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: May 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	13	13	9	9	7	7	(1000 HA)
Beginning Stocks	1,473	1,473	1,393	1,357	1,529	1,460	(1000 MT)
Production	44	44	37	37	30	30	(1000 MT)
MY Imports	5,188	5,201	5,439	5,455	4,500	4,100	(1000 MT)
TY Imports	5,188	5,201	5,439	5,455	4,500	4,100	(1000 MT)
TY Imp. from U.S.	2,134	2,047	1,312	1,407	0	1,300	(1000 MT)
Total Supply	6,705	6,718	6,869	6,849	6,059	5,590	(1000 MT)
MY Exports	131	180	144	192	125	200	(1000 MT)
TY Exports	131	180	144	192	125	200	(1000 MT)
Feed and Residual	2,870	2,870	2,817	2,818	2,300	1,900	(1000 MT)
FSI Consumption	2,311	2,311	2,379	2,379	2,444	2,444	(1000 MT)
Total Consumption	5,181	5,181	5,196	5,197	4,744	4,344	(1000 MT)
Ending Stocks	1,393	1,357	1,529	1,460	1,190	1,046	(1000 MT)
Total Distribution	6,705	6,718	6,869	6,849	6,059	5,590	(1000 MT)
Yield	3.	3.3846	4.	4.1111	4.	4.2857	(MT/HA)
TS=TD		0		0		0	

## CORN

### Consumption:

MY 2013/14 corn consumption forecast is revised to 9.6 million MT, up 500,000 MT from the previous USDA forecast due to greater demand for feed corn, which partly offset the decreased portion of feed grade wheat, because of high animal inventories through the end of 2014. Food, seed, and industrial (FSI) corn consumption forecast remains around 2.1 million tons, unchanged from the previous forecast due to stable demand for processed corn products.

In MY 2012/13, estimated corn inclusion rate was 34.3 percent of total ingredients for compound feed production, 2.7 percent higher than the previous year. This ratio is projected to increase to 41 percent in MY 2013/14 as feed corn price becomes more competitive and is the preference of local animal growers.

However, compound feed production is expected to decline to 18.3 million tons in MY 2013/14, down 0.5 million tons, or declining three percent from the previous year due to animal growers' continued efforts to reduce animal inventories to combat bearish trends in domestic meat prices resulting from strong animal inventories in CY 2013. However, Korean animal growers are expected to slow the pace of reduction in animal inventories amid a downtrend in compound feed prices caused by raw ingredients.

Major corn processors have continued using non-GM corn imported from Serbia, Hungary and Brazil for food. For industrial purposes, GM corn imported from the United States is primarily used. Many food processing companies are reluctant to use ingredients sourced from biotech corn.

<b>Korea: Total Corn Utilization</b> (Oct./Sept., 1,000 MT)				
Marketing Year	Feed	Processing a/	Food b/	Total
2008/09	6,368	1,418	108	7,894
2009/10	6,362	1,928	92	8,382
2010/11	6,074	2,051	89	8,214
2011/12	5,690	2,036	89	7,815
2012/13	6,483	1,836	98	8,417
2013/14 <sup>c/</sup>	7,500	2,000	100	9,600

Source: Korea Feed Association (KFA), Korea Corn Processing Industry Association (KOCPIA)

a/ Used for wet and dry milling process based on imported corn.

b/ For on-farm human consumption (on-the-cob) or snack food consumed on-the-cob, as puffed kernels or as corn tea. Imported white corn for popping has been included since MY 2004.

c/ FAS Seoul forecast

<b>Korea: Monthly Corn Use</b> (1,000 MT)				
Month	Feed Corn		Processing Corn	
	MY 2012/13	MY 2013/14	MY 2012/13	MY 2013/14
October	508	558	168	169
November	512	596	162	158
December	559	687	154	157
<b>S. Total (Oct-Dec)</b>	<b>1,579</b>	<b>1,841</b>	<b>484</b>	<b>484</b>
January	580	na	152	na
February	513	na	137	na
March	533	na	134	na
April	572	na	152	na
May	574	na	155	na
June	522	na	148	na
July	553	na	167	na
August	528	na	158	na
September	529	na	150	na
<b>Total</b>	<b>6,483</b>	<b>na</b>	<b>1,836</b>	<b>na</b>

Source: Korea Feed Association (KFA), Korea Corn Processing Industry Association (KOCPIA)

<b>Korea: Feed Ingredient Use for Compound Feed Production</b> (October/September, 1,000 MT)				
Items	MY 2010/11	MY 2011/12	MY 2012/13 <sup>a/</sup>	MY 2013/14 <sup>a/</sup>
Sub. Total Grains and Grain Substitutes	10,935	11,569	12,115	12,000
- Wheat	2,100	3,065	2,710	2,200

- Corn	6,073	5,690	6,483	7,000
- Other Grains and Grain Substitute <sup>b/</sup>	2,762	2,814	2,992	2,800
Others <sup>c/</sup>	6,052	6,431	6,698	6,300
<b>Grand Total</b>	<b>16,987</b>	<b>18,000</b>	<b>18,883</b>	<b>18,300</b>

Source: Korea Feed Association (KFA)

a/ FAS Seoul forecast

b/ includes Tapioca, bran and gluten feed.

c/ includes vegetable protein meal, animal protein, minerals/additives, tallow, DDGS and molasses.

Korea: Compound Feed Production by Species (October/September, 1,000 MT)				
Species	MY 2010/11	MY 2011/12	MY 2012/13 <sup>a/</sup>	MY 2013/14 <sup>b/</sup>
Poultry	4,744	4,821	4,726	4,800
Swine	4,738	5,322	6,100	5,800
Cattle	6,116	6,321	6,572	6,300
Others <sup>d/</sup>	1,367	1,477	1,483	1,400
<b>Total</b>	<b>16,965</b>	<b>17,940</b>	<b>18,881</b>	<b>18,300</b>

Source: Ministry for Agriculture, Food, and Rural Affairs (MAFRA)

a/ Preliminary

b/ FAS/Seoul forecast based on the first eleven months data

d/ include ducks, pet food, rabbit, horse, sheep, deer, quail etc

Korea: Feed Ingredients Use for MY2011-MY2012 (1,000 MT, October/September)						
INGREDIENT	MY2011/2012			MY2012/2013		
	TOTAL	DOM <sup>1/</sup>	%	TOTAL	DOM <sup>1/</sup>	%
<b>GRAINS:</b>						
CORN	5,690	-	31.6	6,483	-	34.3
SORGHUM	-	-	-	-	-	-
WHEAT	3,065	-	17.0	2,710	-	14.4
BARLEY	27	2	0.2	31	3	0.2
RYE	1	1	0.0	1	1	-
OATS	3	2	0.0	2	1	-
GSP/BROKEN GRAIN	73	73	0.4	88	85	0.5
TAPIOCA	353	-	2.0	383	-	2.0
LUPIN SEED	165	20	0.9	143	13	0.8
OTHERS	184	173	1.0	182	177	1.0
<b>SUB TOTAL</b>	<b>9,561</b>	<b>271</b>	<b>53.1</b>	<b>10,023</b>	<b>280</b>	<b>53.1</b>
<b>GRAIN BY-PRODUCTS:</b>						
WHEAT BRAN	658	412	3.7	611	392	3.2
RICE BRAN	186	186	1.0	205	205	1.1
BARLEY BRAN	-	-	-	-	-	-
CORN BRAN	-	-	-	1	1	-
GLUTEN FEED	825	400	4.6	972	428	5.1
OTHERS	339	296	1.9	373	277	2.0
<b>SUB TOTAL</b>	<b>2,008</b>	<b>1,294</b>	<b>11.2</b>	<b>2,162</b>	<b>1,303</b>	<b>11.4</b>
<b>ANIMAL PROTEIN:</b>						
FISH MEAL	20	15	0.1	22	16	0.1
MEAT & BONE MEAL	17	17	0.1	20	20	0.1
OTHERS	113	111	0.6	140	137	0.7
<b>SUB TOTAL</b>	<b>150</b>	<b>143</b>	<b>0.8</b>	<b>182</b>	<b>173</b>	<b>1.0</b>

VEGETABLE PROTEIN:						
SOYBEAN MEAL	2,053	518	11.4	1,986	445	10.5
RAPESEED MEAL	419	2	2.3	412	7	2.2
SESAMESEED MEAL	22	22	0.1	23	23	0.1
PERILLA SEED MEAL	4	4	0.0	3	3	-
CORN GLUTEN MEAL	87	69	0.5	83	78	0.4
DDGS	484	127	2.7	457	135	2.4
COTTONSEED MEAL	6	-	0.0	7	1	-
PARM KERNEL MEAL	734	34	4.1	782	18	4.1
COPRA MEAL	427	9	2.4	602	5	3.2
OTHERS	215	192	1.2	268	191	1.4
<b>SUB TOTAL</b>	<b>4,451</b>	<b>977</b>	<b>24.7</b>	<b>4,623</b>	<b>906</b>	<b>24.5</b>
ADDITIVES/MINERALS:						
CALCIUM PHOSPHATE	68	50	0.4	69	53	0.4
LIMESTONE	464	464	2.6	471	471	2.5
SALT	66	65	0.4	69	68	0.4
OTHER	260	258	1.4	282	281	1.5
<b>SUB TOTAL</b>	<b>858</b>	<b>837</b>	<b>4.8</b>	<b>891</b>	<b>873</b>	<b>4.7</b>
OTHER INGREDIENTS:						
TALLOW	328	305	1.8	320	305	1.7
MOLASSES	451	380	2.5	476	390	2.5
UREA	0	0	0.0	1	1	-
OTHER	193	173	1.1	205	181	1.1
<b>SUB TOTAL</b>	<b>972</b>	<b>858</b>	<b>5.4</b>	<b>1,002</b>	<b>877</b>	<b>5.3</b>
<b>GRAND TOTAL</b>	<b>18,000</b>	<b>4,380</b>	<b>100.0</b>	<b>18,883</b>	<b>4,412</b>	<b>100.0</b>

Source: Korea Feed Association (KFA)

1/ Domestic Products

#### Trade:

MY 2013/14 corn import forecast is revised to 9.5 million MT, up 500,000 tons from the previous forecast due to increased feed corn imports that may offset the limited feed grade wheat supply as feed corn prices become more attractive than feed wheat. Feed wheat imports are expected to slow in the first half of CY 2014.

As of the end of November 2013, importers contracted 5.8 million tons of corn for October 2013 through May 2014 deliveries. Most of the contracted purchases for feed corn to date are optional origin at seller's option from South American countries, Eastern Europe and the United States with a price range of \$237-273 per metric ton CNF, while corn processors have contracted for No. 2 GM/non-GM yellow corn from South America and conventional corn from Eastern Europe with a price range of \$237-280 per metric ton CNF. Most recent buying contracts were stabilized in a range of \$236-246 per ton CNF for feed corn and \$ 255-270 for processing corn.

In MY 2013/14, U.S. corn exports to Korea are revised to increase to 3 million tons, up one million tons from post's previous forecast due to greater supply of competitively priced U.S. corn. As of late November 2013, Korean buyers completed corn contracts delivering in the first seven months of the current marketing year, about 5.8 million tons. Most of the contracted purchases to date were for worldwide origins including South America, Eastern Europe and the United States at seller's option. Grain traders predicted that most of the contracts would be shipped from the United States for March 2014 arrival in Korea at earliest. However, favorable prices resulted in shipments arriving in December 2013.

Korea: Corn Imports (1,000MT, Customs Cleared Basis)							
Marketing Year	From World			From the U. S.			U. S. Share
	Feed	Processing	Total	Feed	Processing	Total	%
07/08	7,680	1,629	9,309	7,259	1,077	8,336	90



08/09	5,781	1,431	7,212	4,883	921	5,804	80
09/10	6,457	2,003	8,460	6,097	1,407	7,504	89
10/11	6,060	2,047	8,107	5,183	1,133	6,316	78
11/12	5,600	2,035	7,635	3,450	307	3,757	49
12/13	6,230	1,944	8,174	341	115	456	6
13/14 <sup>a/</sup>	7,500	2,000	9,500	2,500	500	3,000	32

Source: Korea Customs Service

a/ FAS/Seoul forecast

Korea: Monthly Corn Import (1,000 MT, Customs Cleared Basis)				
Month	Feed Corn		Processing Corn	
	MY 2012/13	MY 2013/14	MY 2012/13	MY 2013/14
October	460	620	103	130
November	470	631	235	178
December	706	975	242	222
<b>S. Total (Oct-Dec)</b>	<b>1,636</b>	<b>2,226</b>	<b>580</b>	<b>530</b>
January	689	na	149	na
February	492	na	111	na
March	489	na	185	na
April	528	na	119	na
May	533	na	175	na
June	407	na	285	na
July	674	na	85	na
August	287	na	127	na
September	495	na	127	na
<b>Total</b>	<b>6,230</b>	<b>na</b>	<b>1,944</b>	<b>na</b>

Source: Korea Customs Service

Korea: MY 2013/14 Corn Contracts by Estimated Time of Arrival (ETA) (Unit: 1,000 MT, as of January 2014)						
ETA	U.S.	Europe	SOAM	Others <sup>1/</sup>	Total	Price <sup>2/</sup>
Oct. 2013	0	0	55	468	523	273
Nov.	0	110	55	728	893	266
Dec.	0	0	129	664	793	245
Jan. 2014	125	0	134	829	1,088	242
Feb.	55	0	0	642	697	237
Mar.	567	168	0	243	978	245
Apr.	312	60	0	231	603	241
May	176	0	0	70	246	243
<b>Total</b>	<b>1,235</b>	<b>338</b>	<b>373</b>	<b>3,875</b>	<b>5,821</b>	

Source: Local Grain Traders

1/ optional origins at seller's option out of USA, SOAM, Europe or South Africa

2/ US\$/MT, CNF on Weighted Average

## Production, Supply and Demand Data Statistics:

Corn PS&D

Corn Korea, Republic of	2011/2012	2012/2013	2013/2014	
	Market Year Begin:	Market Year Begin:	Market Year Begin:	

	Oct 2011		Oct 2012		Oct 2012		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	16	16	17	17	17	17	(1000 HA)
Beginning Stocks	1,589	1,589	1,484	1,483	1,357	1,323	(1000 MT)
Production	74	74	83	83	83	83	(1000 MT)
MY Imports	7,636	7,635	8,174	8,174	9,000	9,500	(1000 MT)
TY Imports	7,636	7,635	8,174	8,174	9,000	9,500	(1000 MT)
TY Imp. from U.S.	3,190	3,757	296	456	0	3,000	(1000 MT)
Total Supply	9,299	9,298	9,741	9,740	10,440	10,906	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
TY Exports	0	0	0	0	0	0	(1000 MT)
Feed and Residual	5,690	5,690	6,450	6,483	7,000	7,500	(1000 MT)
FSI Consumption	2,125	2,125	1,934	1,934	2,100	2,100	(1000 MT)
Total Consumption	7,815	7,815	8,384	8,417	9,100	9,600	(1000 MT)
Ending Stocks	1,484	1,483	1,357	1,323	1,340	1,306	(1000 MT)
Total Distribution	9,299	9,298	9,741	9,740	10,440	10,906	(1000 MT)
Yield	5.	4.625	5.	4.8824	5.	4.8824	(MT/HA)
TS=TD		0		0		0	

<b>Korea: Animal Inventory</b> (1,000 Head, 1,000 Birds, as of Jan. 2014)					
Animal	Year	March	June	September	December
Beef Cattle	2010	2,706	2,889	2,949	2,915
	2011	2,881	3,053	3,044	2,950
	2012	2,940	3,109	3,143	3,059
	2013	2,966	3,064	3,043	2,883d/
	2014	2,772	na	na	na
Dairy Cattle	2010	449	432	429	430
	2011	396	403	404	404
	2012	404	410	417	420
	2013	420	419	422	423-425d/

	2014	423-425d/	na	na	na
Swine a/	2010	9,768	9,728	9,901	9,881
	2011	7,036	7,330	7,783	8,171
	2012	8,852	9,432	9,937	9,916
	2013	10,107	10,181	10,188	9,700-9800d/
	2014	9,100-9,300d/	9,200-9,400d/	na	na
Layer b/	2009	60,240	61,140	61,998	62,967
	2010	62,524	61,586	60,095	61,700
	2011	61,025	60,723	61,212	62,425
	2012	63,200	61,953	61,326	61,344
	2013	62,340	60,610	62,674	64,090d/
Broiler c/	2009	68,690	99,983	68,123	67,194
	2010	72,692	101,690	71,271	77,871
	2011	69,932	110,122	71,038	76,435
	2012	69,387	97,750	68,540	76,130
	2013	71,130	94,660	64,505	78,550d/

Source: Korea Statistics (KOSTAT) and Korea Rural Economic Institute (KREI)

a/ includes 864,000 heads of statistical difference between FAS/Seoul and Korean government until CY 2010.

b/ Excluding breeders.

c/ Excluding multi-use broilers.

d/ KREI forecast

## RICE

### PRODUCTION

No change from the previous report.

### CONSUMPTION

Korea's rice consumption pattern remains unchanged from the previous forecast.

### TRADE

In MY 2013/14, rice imports remain unchanged from the previous forecast at 410,000 metric tons as the Korean government will try to deliver the 2014 Minimum Market Access (MMA) commitment within the corresponding calendar year prior to graduating the regime of Minimum Market Access (MMA) under WTO. U.S. rice exports are expected to stay around 140,000 MT forecast by the 2014 MMA purchasing plan released by Korean government.

In MY 2012/13, Korea's rice imports reached 510,106 MT, consisting of 243,751 MT imported under 2012 MMA quota and 266,355 MT imported under 2013 MMA quota, respectively. U.S. exports to Korea were at 175,507 MT, which are composed of 71,677 MT imported under 2012 MMA quota and 103,830 MT imported under 2013 MMA quota, respectively.

#### 2014 MMA Purchasing plan:

Under the 2014 Minimum Market Access (MMA) purchasing plan, Korea will purchase 408,700 MT of rice (milled basis), up 20,347 MT or about 5 percent up from last year, comprised of 203,472 MT under the global quota (GQ) and several country specific quotas (CSQ) totaling 205,228 MT.

The United States is expected to command 120,000 to 130,000 MT, or roughly 29- 32 percent of the total MMA volume. The anticipated U.S. share is calculated by adding the 43,270 MT allocated to medium grain and some portion of optional varieties allocated under GQ to the 50,076 MT of U.S. CSQ.

Please refer to GAIN report KS1404 (2014 MMA Rice Purchasing Plan) for more details.

The 2014 U.S. CSQ, totaling 50,076 MT, consists of 44,507 MT of table rice and 5,569 MT for processing. The U.S. table rice allocation of 44,507 MT compares to 42,291 MT in 2013, a 5 percent increase from the previous year in

response to a greater demand for U.S. medium grain in the Korean consumer market.

The Korean government allocated 21,090 MT of optional variety between medium and short grain milled rice for table purpose under the 2014 global quota, which offset the decrease in table rice under the Chinese CSQ. This creates an opportunity for U.S. bidders to sell additional table rice to Korean consumer markets.

Korea: Rice Quota Allocation for Buying Tenders under 2014 MMA (Unit : M/T, milled rice basis)						
Item		Type	Allocation by Grade			
			Non Table rice	Table rice		Total
				USDA No.1	USDA No.3	
CSQ (205,228)	China (116,159)	Short	67,851	28,985	19,323	48,308
	US (50,076)	Medium	5,569	40,056	4,451	44,507
	Thailand (29,963)	Long	26,653	3,310	0	3,310
	Australia (9,030)	Medium	3,635	2,697	2,698	5,395
	<b>Total</b>		103,708	75,048	26,472	101,520
MFN (203,472)	(Short) 46,612; (Medium) 43,270; (Long) 20,000; (Short/Medium) 61,090 <sup>a/</sup> ; (Broken Rice) 32,500					
	a/ Optional Variety between medium and short grain consisting of 40,000 MT for processing purpose and 21,090 MT for table purpose, which consists of 18,980 MT of USDA No. 1 and 2,110 MT of USDA No. 3.					

Source: Ministry for Agriculture, Food, and Rural Affairs (MAFRA) and Korea Agro-Fisheries and Food Trade Corporation (aT)

### 2013 MMA Tendering Results:

Korea's contracts for rice imports under the 2013 WTO Minimum Market Access (MMA) system expanded market access opportunity for U.S. rice suppliers. Korea purchased a total of 388,353 metric tons (MT) of rice from the United States, China, Thailand, Australia, Vietnam and India. The U.S. share was 30 percent, with contracts totaling 114,600 MT (milled) worth US\$89 million. In addition to the U.S Country Specific Quota of 50,076 MT, the United States successfully contracted 64,524 or 34.3 percent of the total Global Quota (GQ) of 188,251 MT. Please refer to GAIN report [KS1401](#) for more details.

Korea: Rice Contracts by Country under 2013 MMA (Unit: MT, Milled Basis, as of October 18, 2013)					
Country	Global Quota		CSQ		Total (%)
	Processing	Table	Processing	Table	
USA	39,398	25,126 <sup>b/</sup>	7,785	42,291	<b>114,600 (29.5)</b>
China	35,280	0	70,217	45,942	<b>151,439 (39.0)</b>
Thailand	25,200	0	26,817	3,146 <sup>a/</sup>	<b>55,163 (14.2)</b>
Australia	19,447	0	3,904	0	<b>23,351 (6.0)</b>
Vietnam	13,800	0	0	0	<b>13,800 (3.6)</b>
India	30,000	0	0	0	<b>30,000 (7.7)</b>
<b>S.Total</b>	<b>163,125</b>	<b>25,126</b>	<b>108,723</b>	<b>91,379</b>	<b>388,353(100)</b>
<b>G. Total</b>	<b>188,251</b>		<b>200,102</b>		<b>388,353(100)</b>

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)

a/ include 90 MT of aroma rice (Hom Mali variety)

b/ include 5,126 MT of Australian CSQ that were converted to global quota after getting through three times of unsuccessful trials in biddings

Korea: U.S. Rice Sales to Korea under 2013 MMA						
Contracts	Quota	Milled rice(MT) for Table	Brown rice(MT) for Processing	Arrival unit price	Amount	ETA
		USDA #1	USDA #3	(\$/MT)	(\$)	2013
1	CSQ	7,000		736.00	5,152,000	March-May
2	CSQ	7,000		711.76	4,982,320	March-May
3	CSQ	6,000		750.45	4,502,700	March-May
4	CSQ	4,229 <sup>a/</sup>		739.53	3,127,472	July

5	GQ	6,000		762.40	4,574,400	May-July
6	CSQ	9,062		791.68	7,174,204	July
7	GQ	6,000		787.28	4,723,680	July
8	CSQ		8,650	703.99	6,089,514	August
9	GQ		8,664	712.63	6,174,226	August
10	GQ	6,000		795.24	4,771,440	September
11	CSQ	9,000		797.24	7,175,160	September
12	GQ		11,111	711.98	7,910,810	August
13	GQ		9,000	686.21	6,175,890	October
14	GQ	2,000 <sup>a/</sup>		760.43	1,520,860	October
15	GQ		15,000	731.12	10,966,800	December
16	GQ	5,126		734.70	3,766,072	December
total		<b>67,417</b>	<b>52,425<sup>b/</sup></b>		<b>88,787,548</b>	

Source: Korea Agro-Fisheries and Food Trade Corporation (aT), totaling 114,600 MT in milled basis or 29.5 percent of total 2013 MMA.

a/ USDA #3

b/ equivalent to 47,183 MT, milled basis

Korea: U.S. Table Rice Delivery Schedule Based on Contracts under 2013 MMA (Non-Glutinous Milled Rice Medium Grain, Metric Ton)					
Supplier	Contractual Quantity	Grade	Shipment	ETA Busan Port	
ADM	7,000	U.S. No. 1	3,000	March 2013	
			2,000	April 2013	
			2,000	May 2013	
FRC	7,000		3,000	March 2013	
			2,000	April 2013	
			2,000	May 2013	
ACC	6,000		2,000	March 2013	
			2,000	April 2013	
			2,000	May 2013	
Sun Valley	4,229	U.S. No. 3	4,229	July 2013	
ACC	6,000	U.S. No. 1	2,000	May 2013	
			2,000	June 2013	
			2,000	July 2013	
FRC	9,062		9,062	by July 2013	
ADM	6,000		6,000	by July 2013	
ADM	6,000		6,000	by September 2013	
ADM	9,000		9,000	by September 2013	
ACC	2,000		U.S. No. 3	2,000	by October 2013
ACC	5,126		U.S. No. 1	5,126	by December 2013
Total	67,417				

Source: Korea Agro-Fishery Trade Corporation (aT)

#### Auctions for Imported Table Rice:

Korea Agro-Fisheries & Food Trade Corporation (aT) sells table rice shipments through a public auction system, while the Ministry of Agriculture, Food and Rural Affairs (MAFRA) distributes processing rice to end-users such as food processors and alcoholic beverage producers at a set price throughout the year.

In response to favorable consumer confidence in U.S. medium grain milled rice, aT has continued selling U.S. medium grain rice for both USDA No. 1 and No. 3 grades under the 2013 CSQ contracted to deliver from March through December 2013. The progress of auctioning for other origins has been comparably slow. Auctions for Chinese milled rice under 2013 CSQ started off in the middle of December 2013 after completing 2012 CSQ in November 2013. Auctions for Thai milled rice are still pending under the 2012 MMA.

<b>Korea: Status of Rice Auction for Table Rice under 2013 CSQ</b> (Unit: metric tons, milled basis, as of January 17, 2014)					
Commodity	USDA Grade	Total Table Rice CSQ	Auctioned Off	Balance	Percentage Auctioned Off (%)
U.S. Medium Grain	#1	61,188	24,745	36,443	40
	#3	6,229	1,968	4,261	32
Chinese Short Grain	#1	27,565	389	27,176	1
	#3	18,377	3,299	15,075	18
Thai Long Grain	#1	3,146	0	3,146	na
<b>Total</b>		<b>116,505</b>	<b>30,401</b>	<b>86,101</b>	<b>26</b>

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)

<b>Korea: Status of Rice Auction for Table Rice under 2012 CSQ</b> (Unit: metric tons, milled basis, as of October 11, 2013)					
Commodity	USDA Grade	Total Table Rice CSQ	Auctioned Off	Balance	Percentage Auctioned Off (%)
U.S. Medium Grain	#1	36,050	36,050	0	100 (as of May 3, 2013)
	#3	4,006	3,997	9	100 (as of Jan. 9, 2013)
Chinese Short Grain	#1	37,492	37,492	0	100 (as of Sep. 25, 2013)
	#3	24,995	24,897	98	100(as of Nov. 18, 2013)
Thai Long Grain	#1	3,000	921	2,079	31
Australian Medium Grain	#1	2,429	2,429	0	100(as of Dec. 6, 2013)
	#3	2,429	2,429	0	100( as of Dec. 6, 2013)
<b>Total</b>		<b>110,401</b>	<b>108,215</b>	<b>2,186</b>	<b>98</b>

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)

<b>Korea: Auctioned-Off Prices of Imported Table Rice</b> (Unit: Korean Won per Kg on Average)							
Auctioning-off Period	U.S. Medium Grain		Chinese Short Grain (Medium Grain)		Thai Long Grain	Australian Medium Grain	
	#1	#3	#1	#3	#1	#1	#3
April-September 2006 (2005 MMA)	1,138	991	1,274	1,133	555	none	none
March-August 2007 (2006 MMA)	1,363	1,211	1,357	1,303	953	none	none
February-August 2008 (2007 MMA)	1,542	1,510	1,487	1,558	1,132	none	none
February 2009 -May 2010 (2008 MMA)	1,160	994	1,125 (1,100)	none	1,329	none	none
February 2010-March 2011 (2009 MMA)	970	881	914 (850)	893	672	none	none
April 2011-January 2012 (2010 MMA)	913	1,074 <sup>a/</sup>	707	612	518	none	none
December 2011- October 8, 2013 (2011MMA)	1,258	1,452	1,297	1,501	(802 <sup>c/</sup> ) 944	none	none
August 2012- January 17, 2013 (2012 MMA)	1,677	1,634	1,378	1,374	902 <sup>b/</sup>	1,299	1,128
July 2013- January 17, 2014 (2013 MMA)	1,612 <sup>b/</sup>	1,472 <sup>b/</sup>	1,567 <sup>b/</sup>	1,494 <sup>b/</sup>	na	none	none

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)

a/ Auctioned-off during October-December 2011

b/ ongoing

c/ #3

# **Production, Supply and Demand Data Statistics:**

Rice PS&D

Rice, Milled Korea, Republic of	2011/2012		2012/2013		2013/2014		
	Market Year Begin: Nov 2011		Market Year Begin: Nov 2012		Market Year Begin: May 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	854	854	849	849	833	833	(1000 HA)
Beginning Stocks	1,034	1,034	730	730	722	632	(1000 MT)
Milled Production	4,224	4,224	4,006	4,006	4,230	4,230	(1000 MT)
Rough Production	5,616	5,616	5,405	5,405	5,632	5,632	(1000 MT)
Milling Rate (.9999)	7,522	7,522	7,412	7,412	7,511	7,511	(1000 MT)
MY Imports	380	380	510	510	410	410	(1000 MT)
TY Imports	238	238	600	553	410	445	(1000 MT)
TY Imp. from U.S.	70	63	0	175	0	140	(1000 MT)
Total Supply	5,638	5,638	5,246	5,246	5,362	5,272	(1000 MT)
MY Exports	3	3	2	2	2	2	(1000 MT)
TY Exports	2	2	2	2	2	2	(1000 MT)
Consumption and Residual	4,905	4,905	4,522	4,612	4,497	4,497	(1000 MT)
Ending Stocks	730	730	722	632	863	773	(1000 MT)
Total Distribution	5,638	5,638	5,246	5,246	5,362	5,272	(1000 MT)
Yield (Rough)	7.	6.5761	6.	6.3663	7.	6.7611	(MT/HA)
TS=TD		0		0		0	

## **Appendix**

Korea: MMA Rice Allocations by Bidding Results							
(MT, Milled rice)							
Calendar Year	Total	Global Quota	Country Specific Quota (CSQs)				
			Total	USA	China	Thailand	Australia

2005	225,575	20,347	205,228	50,076	116,159	29,963	9,030
2006	245,922	49,724	196,198	50,076	116,159	29,963	a/
2007	266,270	70,072	196,198	50,076	116,159	29,963	a/
2008	286,617	90,419	196,198	50,076	116,159	29,963	a/
2009	306,964	110,766	196,198	50,076	116,159	29,963	a/
2010	327,311	135,613	191,698	45,576 <sup>b/</sup>	116,159	29,963	a/
2011	347,658	151,460	196,198	50,076	116,159	29,963	a/
2012	368,006	216,450	151,556	50,076	62,487 <sup>c/</sup>	29,963	9,030
2013	388,353	188,251	200,102	50,076	116,159	29,963	3,904 <sup>d/</sup>
2014 <sup>e/</sup>	408,700	203,472	205,228	50,076	116,159	29,963	9,030

Source: MAFRA and Korea Agro-Fisheries and Food Trade Corporation (aT)

a/ Australia CSQ allocation converted to MFN due inability to fulfill quota.

b/ 4,500 MT were converted to global quota from CSQ that got through three times of unsuccessful trials in biddings.

c/ 53,672 MT were converted to global quota from CSQ that got through three times of unsuccessful trials in biddings.

d/ 5,126 MT were converted to global quota from CSQ that got through three times of unsuccessful trials in biddings

e/ plan

Korea: Global Quota Allocation per Country on the Buying Tender (Milled basis, MT, as of December 13, 2013)						
Calendar Year	MMA Quota	U.S.A.	China	Thailand	Australia	Others
2005	20,347	6,104	11,191	3,052	0	0
2006	49,724	13,025	23,080	13,619	0	0
2007	70,072	21,643	32,352	16,077	0	0
2008	90,419	19,534	35,126	35,759	0	0
2009	110,766	31,270	43,629	30,347	0	5,520 <sup>a/</sup>
2010	135,613	48,143	42,411	40,347	0	4,712 <sup>a/</sup>
2011	151,460	51,414	44,911	20,694	0	34,441 <sup>b/</sup>
2012	216,450	50,825	103,583	0	0	62,042 <sup>c/</sup>
2013	188,251	64,524	35,280	25,200	19,447	43,800 <sup>d/</sup>
Total	1,033,102	306,482	371,563	185,095	19,447	150,515

Source: FAS/Seoul

a/ Pakistan

b/ Vietnam (19,441 MT) and Myanmar (15,000 MT)

c/ Vietnam (45,400 MT), India (11,642 MT) and Myanmar (5,000MT)

d/ Vietnam (13,800MT) and India (30,000MT)

Korea: Import Schedule of Table Rice (MT, Milled Rice)			
Calendar Year	Total	Table Purpose	Rate of Table Rice (%)
2005	225,575	22,557	10
2006	245,922	34,429	14
2007	266,270	47,928	18
2008	286,617	63,055 <sup>a/</sup>	22
2009	306,964	79,810 <sup>b/</sup>	26
2010	327,311	98,193 <sup>c/</sup>	30
2011	347,658	104,297	30
2012	368,006	110,401	30
2013	388,353	116,505	30
2014	408,700	122,610	30

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF)

a/ Of them, 24,934MT of Chinese rice was diverted to alcohol processing purpose in CY2010

b/ Of them, 33,303 MT of Chinese rice and 1,500 MT of Thai rice were diverted to alcohol processing purpose in CY2011

c/ Of them, 5,671MT of Chinese rice were diverted to alcohol processing purpose in CY2012.

Korea: Monthly Wholesale Price of Milled Rice
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(High Quality)						
Month\Year	CY 2011		CY 2012		CY 2013	
	Won/Kg	US\$/Kg	Won/Kg	US\$/Kg	Won/Kg	US\$/Kg
January	1,764	1.58	2,090	1.83	2,200	2.07
February	1,794	1.60	2,099	1.87	2,200	2.03
March	1,873	1.67	2,100	1.87	2,204	2.00
April	1,938	1.79	2,100	1.85	2,210	1.97
May	1,950	1.80	2,100	1.82	2,213	2.00
June	1,950	1.81	2,100	1.80	2,220	1.96
July	1,950	1.84	2,100	1.84	2,220	1.97
August	1,950	1.82	2,098	1.85	2,220	1.99
September	1,950	1.74	2,090	1.86	2,220	2.05
October	2,022	1.74	2,113	1.91	2,222	2.09
November	2,051	1.76	2,195	2.02	2,183	2.15
December	2,076	1.81	2,200	2.04	2,180	2.06
<b>Average</b>	<b>1,939</b>	<b>1.75</b>	<b>2,115</b>	<b>1.88</b>	<b>2,208</b>	<b>2.02</b>

Source: Korea Agricultural Marketing Information Service (KAMIS)

Note: Monthly Average Exchange Rate is applied.

Korea: Monthly Retail Price of Milled Rice (High Quality)						
Month\Year	CY 2011		CY 2012		CY 2013	
	Won/Kg	US\$/Kg	Won/Kg	US\$/Kg	Won/Kg	US\$/Kg
January	2,064	1.84	2,194	1.92	2,311	2.17
February	2,098	1.87	2,202	1.96	2,325	2.14
March	2,138	1.91	2,195	1.95	2,329	2.12
April	2,217	2.04	2,200	1.94	2,341	2.09
May	2,235	2.06	2,203	1.91	2,331	2.10
June	2,254	2.09	2,188	1.88	2,340	2.06
July	2,234	2.11	2,172	1.90	2,334	2.07
August	2,203	2.05	2,173	1.92	2,341	2.10
September	2,201	1.97	2,179	1.94	2,340	2.16
October	2,234	1.94	2,242	2.03	2,343	2.20
November	2,214	1.96	2,316	2.13	2,346	2.31
December	2,190	1.91	2,311	2.15	2,336	2.21
<b>Average</b>	<b>2,190</b>	<b>1.98</b>	<b>2,214</b>	<b>1.96</b>	<b>2,335</b>	<b>2.13</b>

Source: Korea Agricultural Marketing Information Service (KAMIS)

Note: Monthly Average Exchange Rate is applied.

Korea: Foreign Exchange Rate (Korean Won against US\$)			
Month	CY 2011	CY 2012	CY 2013
January	1,119	1,144	1,065
February	1,119	1,123	1,086
March	1,120	1,126	1,102
April	1,085	1,135	1,121
May	1,083	1,154	1,109
June	1,080	1,164	1,135
July	1,058	1,143	1,126
August	1,073	1,131	1,116
September	1,120	1,124	1,084

October	1,152	1,106	1,065
November	1,131	1,087	1,016
December	1,147	1,076	1,056
<b>Average</b>	<b>1,107</b>	<b>1,127</b>	<b>1,094</b>

Source: Global Financial Service